



U.S.-KOREA TRADE AGREEMENT

New Jersey Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New Jersey agricultural products, including fruits, dairy products, and vegetables. New Jersey's agricultural exports to all countries, estimated at \$311 million in 2009, supported about 2,500 jobs, on and off the farm. These export sales make an important contribution to the New Jersey farm economy, which had total cash receipts of \$1 billion in 2009.

Fruits and Fruit Products. New Jersey blueberry and peach growers together generated nearly \$100 million in farm cash receipts in 2009, and the state's fresh and processed fruit shipments overseas were estimated at \$25 million that same year. Under the KORUS agreement:

- The 45-percent tariffs on blueberries, cranberries, and peaches will be phased out over 10 years.

Dairy Products. Farm cash receipts from the dairy industry totaled \$20 million in 2009. The KORUS agreement will provide many benefits to the dairy industry.

- Duty-free tariff-rate quotas (TRQ) will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

Vegetables and Vegetable Products. New Jersey vegetable growers generated cash receipts of \$129 million dollars in 2009, and the state's fresh and processed vegetable shipments overseas were estimated at \$21 million that same year. Under the KORUS agreement:

- Tariffs on canned and processed tomatoes and fresh cucumbers will become duty free immediately.

Soybeans and Products. New Jersey soybean producers' cash receipts totaled \$30 million in 2009. Among the KORUS agreement's benefits to New Jersey's soybean producers:

- The greatest potential benefit for the soybean sector is likely to come from improved access to Korea's 300,000-metric ton market for food-quality soybeans. Korea has agreed to immediately eliminate its 5-percent applied tariff on food-use soybeans. In addition, Korea will establish a duty-free TRQ starting at 10,000 metric tons for identity-preserved soybeans for food use. This quota will operate outside the current state trading entity, which has charged a reported \$250 per ton markup on soybean imports supplied to soybean curd processors.

- Soybeans imports for crushing will enter duty-free upon implementation of the agreement, removing the 1-percent applied tariff.
- Korean tariffs on imports of crude soybean oil, the majority of Korea's soybean oil imports, will decline from the current 5.4-percent tariff over 10 years. Refined oil tariff rates will decline from the current 5.4 percent in five equal annual reductions. Korea's 3-percent tariff on soybean flour and meal will immediately go to zero.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	New Jersey to World
Fruits and Fruit Products	\$5,714,000,000	\$25,000,000
Dairy Products	\$2,335,000,000	\$5,000,000
Vegetables and Vegetable Products	\$5,279,000,000	\$21,000,000
Soybeans and Products	\$17,709,000,000	\$19,000,000
Agricultural Total	\$96,632,000,000	\$311,000,000

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.